



**Follow-Up Audit
Zoo Cashiering Function
No. A2013-06**

Issued by the
Internal Audit Office
January 31, 2013

**City of El Paso
Internal Audit Office
Zoo Cashiering Function Follow-Up Audit No. A2013-06**

EXECUTIVE SUMMARY

The Internal Audit Office conducted a Follow-Up Audit on the Zoo Cashiering Function Audit Report dated February 23, 2011. The original Audit Report contained seven findings. Upon completion of the audit fieldwork, we have determined the status of the recommendation for each audit finding as outlined in the table below:

Finding No.	Description of Findings	Status
1	A dual system is being maintained by the El Paso Zoo for their cashiering function.	Implemented
2	Voids and refunds conducted by the Ticketing Office cashiers are not being adequately documented.	Implemented
3	Daily Zoo revenues exceeding \$50.00 were not deposited within a 24 hour period for 12 out of 31 (39%) deposits reviewed.	Implemented
4	The El Paso Zoo is not properly managing its past due and delinquent Accounts Receivable. Follow-up activity conducted for past-due Accounts Receivable payments is not being documented.	In Progress - Management will assume the risk
5	Daily balancing documentation, which consists of one "Gate Attendance – Cash Report/Daily Deposit" and a "Cash Report" prepared for each cashier that worked on a given day, was incomplete and inaccurate for 31 out of 31 (100%) days reviewed.	Implemented
6	There are internal control weaknesses related to the safeguarding of Zoo revenues. <ul style="list-style-type: none">• Four individuals have access to the combinations to the two Zoo safes.• The "panic" buttons in the Ticketing Office are not operational.• The same mailing address is used for the El Paso Zoological Society and the El Paso Zoo.	Implemented
7	For the month of October 2010, the El Paso Zoo had a total of 35 Group Reservations and 4 Programs. A review of the scheduled events identified the following. <ul style="list-style-type: none">• 1 out of 39 (3%) events was not properly listed on the Zoo's tracking spreadsheets.• 3 out of 39 (8%) events were not charged the correct fee. Based on the reservation's supporting documentation, the three events appear to have been undercharged by a total of \$265.00.• 1 out of 39 (3%) events was not issued a properly completed receipt.	Implemented

For a detailed explanation of the findings and current observations please refer to the appropriate finding contained in the body of this Audit Report.

**City of El Paso
Internal Audit Office
Zoo Cashiering Function Follow-Up Audit No. A2013-06**

BACKGROUND

The *Generally Accepted Government Auditing Standards*, Standard 4.05 and 6.36, and the *International Standards for the Professional Practice of Internal Auditing*, Standard 2500.A1, requires a post audit follow-up on all audit recommendations made in order to ascertain that appropriate corrective action is taken to address reported audit findings. The Internal Audit Office has conducted a Follow-Up Audit of the Zoo Cashiering Function Report dated February 23, 2011.

AUDIT OBJECTIVES

The audit objective was to determine the status of the recommendations detailed in the original Audit Report dated February 23, 2011, which contained seven findings.

AUDIT SCOPE

The Follow-Up Audit was limited to a review of the seven findings and recommendations detailed in the “Zoo Cashiering Function Audit” dated February 23, 2011. The audit period covered the operations of the El Paso Zoo cashiering function from fiscal year 2012-2013.

AUDIT METHODOLOGY

To achieve our audit objectives we:

- Obtained an understanding of the El Paso Zoo’s Front Gate Closing Procedures, City of El Paso’s Cash Management Manual, and City of El Paso’s Fiscal Operations Accounts Receivable Manual.
- Reviewed and tested the following items:
 - El Paso Zoo’s Point of Sale System
 - Refunds/Voids
 - Daily Deposits
 - Accounts Receivable
 - Daily Balancing Documentation
 - Group Reservations
- Reviewed the El Paso Zoo’s safe, panic buttons, and the El Paso Zoological Society’s mailing address to confirm that the internal control weaknesses have been corrected.

We conducted this Follow-Up Audit in accordance with *Generally Accepted Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This Follow-Up Audit was also conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors.

**City of El Paso
Internal Audit Office
Zoo Cashiering Function Follow-Up Audit No. A2013-06**

***ORIGINAL FINDINGS, ORIGINAL RECOMMENDATIONS, MANAGEMENT'S RESPONSE TO
ORIGINAL FINDINGS, CURRENT OBSERVATION, AND STATUS***

Based on the results of follow-up test work, each original finding recommendation will be designated with one of the following four status categories:

<i>Implemented</i>	The finding has been addressed by implementing the original corrective action or an alternative corrective action.
<i>In Progress</i>	The corrective action has been initiated but is not complete.
<i>Not Applicable</i>	The recommendation is no longer applicable due to changes in procedures or changes in technology.
<i>Not Implemented</i>	The recommendation was ignored, there were changes in staffing levels, or management has decided to assume the risk.

Original Finding 1

Cashiering Function Dual Systems

A review of the El Paso Zoo Cashiering Function identified that a dual system is being maintained.

- A Point of Sale (POS) System is used for general admission revenue paid by cash, check, or Accounts Receivable.
- A separate stand alone cash register is used to keep track of general admission credit card transactions.

This is as a result of the implementation of a new integrated POS System. At the time of the review, the credit card component of the POS System was in the process of being activated. The POS System should be 100% operational by early spring.

Recommendation:

The El Paso Zoo should capture all general admission revenue in a single POS System.

Management's Response

1. Separate stand-alone cash registers are no longer being used.
2. All Front Gate revenue is processed and recorded utilizing the POS system.

Responsible Party

Senior Cashier – Mary Pope

Implementation Date

March 1, 2011

Current Observation

The El Paso Zoo is currently capturing all general admission revenue in a single POS System.

Status

Implemented

**City of El Paso
Internal Audit Office
Zoo Cashiering Function Follow-Up Audit No. A2013-06**

Original Finding 2

Refunds/Voids

According to the El Paso Zoo Front Gate Closing Procedures, when a void or refund is conducted, receipts are to be attached to the Void/Refund side of the Cashier's Cash Report with explanations filled out on the report.

Our review identified that cashiers are not completing the Void/Refund log on the back of the Cash Report. Instead, cashiers attach copies of receipts of refunded or voided transactions to their daily Cash Report and write the reason for the void/refund on the voided/refunded receipt copy.

Our review of all voids and refunds conducted by the Ticketing Office during the month of October 2010 identified that:

- There were a total of 21 days in which credit card voids/refunds were conducted. For 19 out of the 21 (90%) days reviewed, credit card voids/refunds totaling \$986.50 were not adequately documented. The individual cashier counts of voids and refunds conducted in a day could not be determined because they are not provided on the end of day balancing reports (Z reports).
- There were a total of 12 days in which cash voids/refunds were conducted. For 9 out of 12 (75%) days reviewed, cash voids/refunds totaling \$950.50 were not adequately documented. Individual cashier counts of voids and refunds could not be determined.

Recommendation:

The El Paso Zoo should ensure that voids and refunds are adequately supported as required by their Front Gate Closing Procedures.

Management's Response

Rationale for void/refund to be noted on the cash report. Staff has received coaching stressing documentation aspect of this reporting function. Re-assert documentation is completed in a timely manner for review & processing. Re-assign PeopleSoft data entry function to Administration Office personnel. Provided Cash Management and Accounts Receivable Manuals as well as additional training as necessary to all regular and back up cashiering personnel.

Responsible Party

Cashiering Function – The Senior Cashier (Mary Pope), or in the absence of, the Cashier (Linda May) is to ensure the daily cash report is properly documented (complete with signatures) compiled and recorded in the appropriate spreadsheet at the close of business daily. The Accounting/Payroll Clerk (Debra Soto), or in the absence of, the Senior Office Assistant (Socorro Rios) in Administration is to verify all receipts of money are accurately accounted to facilitate the recording of monies and or billing into the PeopleSoft financial system.

Implementation Date

May 1, 2011

**City of El Paso
Internal Audit Office
Zoo Cashiering Function Follow-Up Audit No. A2013-06**

Current Observation

A review of all voids and refunds conducted by the Ticketing Office during the month of October 2012 was conducted. There was a total of 19 days in which voids/refund transactions were conducted.

- 15 out of 19 (79%) days reviewed, voids/refunds were adequately supported.
- 4 out of 19 (21%) days reviewed, voids/refunds were not adequately supported.

Status

Implemented – significant progress has been done by management to correct the finding.

Original Finding 3

Deposits

As required by City Charter, Article VII Public Finance, Section 7.7 and the City of El Paso Cash Management Manual, Sections 5.1 and 5.2,

- City Charter: *“All monies received by any person, in connection with the business of the City, shall be deposited promptly in a City depository and, whenever possible, within one business day after its receipt...”*
- Cash Management Manual: *“In accordance with City Charter, all monies received...must be deposited within 24 hours of receipt or...department may choose to keep these funds until the amount reached is in excess of \$50, at which point department must make the deposit within the 24-hour period.”*

Our review of the revenue received by the El Paso Zoo for the month of October 2010 identified that:

- During the El Paso Zoo’s “off season” which is from September 1 to March 12, the Zoo is on a Monday and Friday armored car pick-up schedule.
- Daily Zoo revenues exceeding \$50.00 were not deposited within a 24 hour period for 12 out of 31 (39%) deposits reviewed. The 12 deposits totaled \$16,457.78 and were made one to three days late.

# of Days Reviewed	# of Days Revenue was not Deposited in Accordance with Cash Management Manual	% of Untimely Deposits	Total Amount of Untimely Deposits	Business days late
31	12	39%	\$16,457.78	1-3

Recommendation:

The El Paso Zoo should ensure that deposits are made on a timely basis, in accordance with the City of El Paso Cash Management Manual.

**City of El Paso
Internal Audit Office
Zoo Cashiering Function Follow-Up Audit No. A2013-06**

Management's Response

Armored Car Service schedule will be adjusted for daily pick-up to comply with Cash Management Policy.

Responsible Party

Rose Greenough, Office Manager

Implementation Date

March 1, 2011

Current Observation

El Paso Zoo deposits are done on a timely basis and in accordance with the City of El Paso Cash Management Manual.

- 14 out of 14 (100%) deposits reviewed exceeded \$50.00 and deposited within a 24 hour period.

Status

Implemented

**City of El Paso
Internal Audit Office
Zoo Cashiering Function Follow-Up Audit No. A2013-06**

Original Finding 4

Accounts Receivable

As outlined in the City of El Paso Fiscal Operations Accounts Receivable Manual,

- Section 7.0 Aging Report: *“Accounts are classified as either Current or Past Due. Past Due Accounts are further classified as 31-60 days, 61-90 days, 91-120 days or over 120 days past due. Accounts that are over 61 days past due are considered delinquent.”*
- Section 11.4.1d under Collection Responsibilities: *“If an invoice has not been paid within 30 days, then a Final Reminder Notice is mailed to the customer.”*
- Section 11.4.1f under Collection Responsibilities: *“Document all contacts with the customer in the customer’s file.”*

Our review identified that the El Paso Zoo is not properly managing its past due and delinquent Accounts Receivable. Follow-up activity conducted by the El Paso Zoo for past-due Accounts Receivable payments is not being documented. A review of the El Paso Zoo’s Accounts Receivable as of 1/31/2011 identified the following past due and delinquent accounts:

- One (1) \$600.00 payment from Robert E. Lee Elementary is 64 days past due.
- Four (4) payments totaling \$505.94 from Service Systems Associates (SSA) are 18 to 92 days past due.
- One (1) \$146.15 payment from Zoological Society is 28 days past due.

Recommendation:

The El Paso Zoo should adhere to the City of El Paso Fiscal Operations Accounts Receivable Manual in regards to collecting past due accounts.

Management’s Response

Re-assign Billing and Accounts Receivable responsibilities to Administrative Office personnel (team) for function management. Provide staff with additional instruction and training.

Responsible Party

Rose Greenough, Office Manager to Office Assistants (various)

Implementation Date

May 2, 2011

**City of El Paso
Internal Audit Office
Zoo Cashiering Function Follow-Up Audit No. A2013-06**

Current Observation

A review of the El Paso Zoo's billing to external customers identified that follow up activity is not being conducted of past due accounts. As of January 11, 2013:

- Four Account Receivable payments totaling \$1,043.06 have not been received. The past due payments range from 27-46 days past due.

Status

In Progress – Based on the audit work conducted, we have determined that the recommendation is still in progress of being implemented. However, the finding is deemed immaterial because the outstanding Account Receivables is \$1,043.06 on four accounts. It is not cost effective for the Internal Audit Office to conduct a second Follow-Up Audit on such a small balance.

Management will assume the responsibility of ensuring that past due payments are collected and paid in compliance with the City of El Paso Fiscal Operations Accounts Receivable Manual.

**City of El Paso
Internal Audit Office
Zoo Cashiering Function Follow-Up Audit No. A2013-06**

Original Finding 5

Daily Balancing Documentation

As required by established internal Zoo procedures and the City of El Paso's Cash Management Manual Sections 5.4 and 5.7,

- El Paso Zoo Front Gate Closing Procedures Step 8: *"Complete your Cash Report sheet, Gate Attendance sheet..."*
- Cash Management Manual Section 5.4: *"Reconciliations to the general ledger system should be prepared at the departmental level to ensure that all receipts are traced into the general ledger."*
- Cash Management Manual Section 5.7: *"On any overage/shortage cashier(s) will write an explanation as to that he/she believed happened."*

A review of the daily balancing documentation for the month of October 2010 identified that daily balancing documentation, which consists of one "Gate Attendance – Cash Report/Daily Deposit" and a "Cash Report" for each cashier that worked on a given day, was incomplete and inaccurate for 31 out of 31 (100%) days reviewed.

A listing of the discrepancies identified is presented below:

Description	Instances
Daily "Journal Tape Breakdown" numbers listed on the cashier's Cash Report/s were incorrect.	31
Daily Gate Attendance Report did not list the revenue and expense account numbers for the daily Credit Card Settlement Revenue and Fees.	31
Daily Gate Attendance Report did not have a verification signature for attendance counts, deposit slip#, and bank bag #.	31
Daily cashier's Cash Reports did not list the opening and closing transactions #s.	31
Gate Attendance Report incorrectly allocated "Daily Receipt Total" and/or "Bank Deposit" to Account #404001 (Admissions). The actual postings to PeopleSoft were inaccurate for two out of the 31 (6%) days reviewed.	30
Daily Gate Attendance Report did not indicate that the number of submitted Entertainment coupons was verified.	17
Daily totals listed on right hand corner of Gate Attendance Report were not complete.	10
Daily totals listed on (right-hand corner of) the Gate Attendance Report were not accurate.	7
Daily "Journal Tape" totals listed on cashier's Cash Report/s were incorrect.	5
"Verifiers Signature" not contained on Cash Report indicating that the daily closing documentation was not properly reviewed.	3
Overage/shortage that was not properly reported.	2
Gate Attendance Report does not contain "prepared by" signature and "prepared date."	1

**City of El Paso
Internal Audit Office
Zoo Cashiering Function Follow-Up Audit No. A2013-06**

Recommendation:

The El Paso Zoo should implement a reconciliation process to ensure that daily balancing documentation is complete and accurate.

Management's Response

Review and re-format Daily Gate Attendance/Cash Report to correct and address revenue and expenditure reporting discrepancies noted. Collaborate with Internal Auditors and/or Financial Services to ensure Cash Management reporting requirements are met as well as update Department Policies and Procedures to reflect new programs with respect to Point of Sale reporting structure and capabilities. Overall goal to eliminate audit exceptions reported.

Responsible Party

Rose Greenough, Office Manager

Implementation Date

July 2011

Current Observation

The El Paso Zoo has implemented a reconciliation process to ensure that daily balancing documentation is complete and accurate.

A review of the daily balancing documentation prepared by the El Paso Zoo during the period of October 1, 2012 to October 14, 2012 identified that:

- 14 out of 14 days (100%) reviewed contained Daily Balancing Documentation that was accurate and complete.
- 14 out of the 14 (100%) days reviewed contained evidence of reconciliation and approval.

Status

Implemented

**City of El Paso
Internal Audit Office
Zoo Cashiering Function Follow-Up Audit No. A2013-06**

Original Finding 6

Safeguarding of Zoo Revenues

As required by the City of El Paso's Cash Management Manual Sections 5.2 and a strong system of Internal Controls.

- City of El Paso Cash Management Manual, Section 5.2: *"Access to all safes should be limited to no more than three individuals."*
- Panic buttons are a security measure and should be fully operational.
- Non-profit organizations should maintain separate mailing addresses than their City Department counterparts.

There are internal control weaknesses related to the safeguarding of Zoo revenues. The weaknesses are outlined below:

- Four individuals have access to the combinations to the two Zoo safes.
- The "panic" buttons in the Ticketing Office are not operational.
- The same mailing address is used for the El Paso Zoological Society and the El Paso Zoo which increases the possibility of intermingling revenues.

Recommendation:

The El Paso Zoo should adhere to the City of El Paso's Cash Management Manual in order to implement proper security measures to ensure the safeguarding of assets. Consideration should be given to:

- Limit access to the Zoo's safes to three (3) employees.
- Make the "panic" buttons operational.
- Require the El Paso Zoological Society to obtain its own mailing address.

Management's Response

- The Zoo is a seven day operation and implements a two deep control access. Administration access consists of Office Manager, Accounts Payable/Payroll Clerk, Senior Cashier and Cashier. Daily Cash bags (register(s) opening funds) and any access to change fund bag is verified by a second person at all times.
- Administration to follow up with contractor to complete "panic button" installation pending.
- El Paso Zoological Society utilizes PO Box 10179, El Paso, TX 79995 as their official mailing address.

Responsible Party

Rose Greenough, Office Manager

Implementation Date

June 2011

**City of El Paso
Internal Audit Office
Zoo Cashiering Function Follow-Up Audit No. A2013-06**

Current Observation

- The El Paso Zoo purchased a safe equipped with a drop compartment allowing cashiers to drop their cash at the end of day without opening the safe. This safe allows management to limit access to the safe to three employees as outlined in the Cash Management Manual.
- Panic buttons are operating, but not to its fullest ability. Several flaws were discovered when the panic buttons were tested. Management is aware of the flaws and agreed to correct them. The flaws discovered are as follow:
 - Warning lights located in the El Paso Zoo do not have a siren to alert security officers or/and management when panic buttons are activated.
 - The panic button system is not linked to a security company in order to notify the Police Department when the panic buttons are activated.
- The El Paso Zoological Society has obtained its own mailing address.

Status

Implemented – significant progress has been done by management to correct the finding.

**City of El Paso
Internal Audit Office
Zoo Cashiering Function Follow-Up Audit No. A2013-06**

Original Finding 7

Group Reservations

In handling Group Reservations, the El Paso Zoo requires:

- Employees to list group reservations and programs on the El Paso Zoo's tracking spreadsheets,
- Charge the group reservation reduced fee according to the number of children and adults in the group,
- Include the organization's name on the receipts that are issued through the POS system.

For the month of October 2010 the El Paso Zoo had a total of 35 Group Reservations and 4 Programs. A review of the scheduled events identified the following.

- 1 out of 39 (3%) events was not properly listed on the Zoo's tracking spreadsheets.
- 3 out of 39 (8%) events where not charged the correct fee. Based on the reservation's supporting documentation, the three events appear to have been undercharged by a total of \$265.00.
- 1 out of 39 (3%) events was not issued a properly completed receipt.

Recommendation:

The El Paso Zoo should ensure internal Group Reservation procedures are properly followed as established.

Management's Response

Review processes and procedures with all Administrative staff for recording of Group and Program reservations for reporting, recording and action documentation. Review of Department Policies and Procedures for revisions as related to Point of Sale reporting and documentation capabilities.

Responsible Party

Rose Greenough, Office Manager

Implementation Date

July 2011

Current Observation

A review of the 14 group reservations and programs for the month of October identified:

- 13 out of 14 (93%) events were properly listed on the El Paso Zoo's FY 13 tracking spreadsheets.
- 13 out of 14 (93%) events did charge the correct fee based on the reservation's supporting documentation.
- 14 out of 14 (100%) events were issued a properly completed receipt.

Status

Implemented – significant progress has been done by management to correct the finding.

**City of El Paso
Internal Audit Office
Zoo Cashiering Function Follow-Up Audit No. A2013-06**

INHERENT LIMITATIONS

Because of the inherent limitations of internal controls, errors or irregularities may occur and not be detected. Also, projections of any evaluation of the internal control structure to future periods are subject to the risk that procedures may become inadequate due to changes in conditions, or that the degree of compliance with the procedures may deteriorate.

CONCLUSION

We have concluded our audit work on the objectives of the Follow-Up Audit – Zoo Cashiering Function. In accordance with *Generally Accepted Government Auditing Standards* we are required to conclude on whether the El Paso Zoo met the objectives of this audit. The following is our conclusion.

1. The El Paso Zoo's cashiering function met the objectives in the following areas:
 - The capturing of all general admission revenue in a single POS System.
 - Refunds, voids, and daily balancing documentation are adequately and correctly documented.
 - Deposits are done on a timely basis and in accordance with the Cash Management Manual.
 - Improvements were done to safeguard Zoo Revenues.
 - Group Reservation procedures are properly followed as established.
2. The El Paso Zoo has made progress in meeting the objective in the following area:
 - Collecting past due payments in accordance with the City of El Paso Fiscal Operations Accounts Receivable Manual. However, due to the following reasons the Internal Audit will not be scheduling additional work in this area:
 - Four outstanding Account Receivables identified in our review,
 - A low balance of \$1,043.06 due to the El Paso Zoo,
 - Not cost effective for the Internal Audit Office to conduct a second Follow-Up Audit.

The El Paso Zoo's Management will assume the risks of not fully implementing the recommendation contained in Finding #4. The Internal Audit Office will not be scheduling a second Follow-Up Audit. The El Paso Zoo can expect future audit work in the area of accounts receivable.

We wish to thank the Zoo's Management and Staff for their assistance and courtesies extended during the completion of this Follow-Up Audit.

Signature on File

Edmundo S. Calderón, CIA, CGAP, CRMA, MBA
Chief Internal Auditor

Signature on File

Miguel A. Ortega
Auditor

Distribution:

Financial & Audit Oversight Committee
Joyce A. Wilson, City Manager
William F. Studer Jr., Deputy City Manager
Steve Robert Marshall, Zoo Director